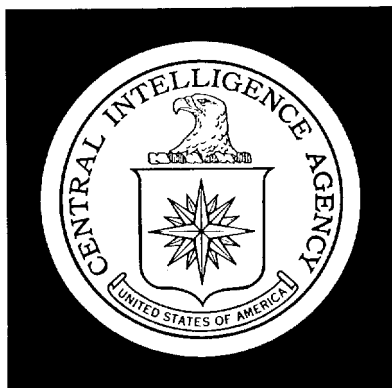


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FINLAND: The Communist Party's liberal faction again appears to have the upper hand. (Page 7)

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COMMUNIST CHINA - AUSTRALIA: Diplomatic relations (Page 14)

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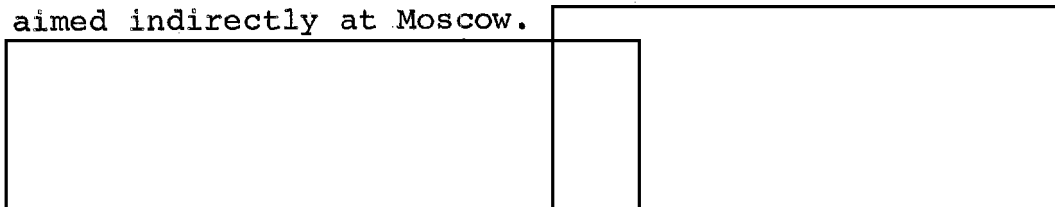
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FINLAND: The recent government crisis provoked by Communist opposition to President Kekkonen's economic stabilization agreement has sobered the conservative opposition in the Communist Party while strengthening the morale of the liberals in their struggle to retain control of the party.

The new circumspection of the conservatives, marked by a muting of their criticism of the liberal leadership of the party and an acknowledgement of the necessity of continued Communist participation in the government, contrasts sharply with their uncompromising position of only a month ago. The conservatives at that time had been riding high, refusing to accept the stabilization agreement, and winning new support among the workers as well as Moscow's endorsement in a series of Soviet press treatments of Finnish affairs.

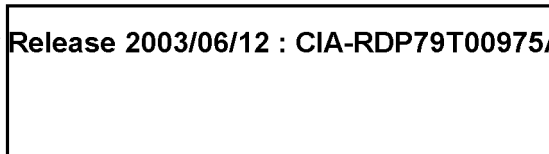
The liberals, fearing that even temporary gains in conservative support would undermine their control of the party, decided to play the same game, refusing to compromise further in the economic stabilization negotiations and threatening to leave the government if suitable concessions were not offered. The threat of government instability combined with harsh Soviet press criticism of Finnish domestic affairs evoked in turn a wave of Finnish attacks on the Communists, aimed indirectly at Moscow.



Encouraged by the disappearance of Soviet press backing of the conservative opposition, the liberal Communists have further taken heart at the ostensibly "even-handed" approach adopted by the Soviet embassy

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in its relations with the two factions in the party. The liberal leadership faces new problems, however. Some of its more mettlesome backers are going over to the offensive against the conservatives, a tactic officially abandoned nearly a year ago in the name of party unity. Furthermore, the liberals have found that their attempts to revive their "responsible" image are being viewed warily by their non-Communist counterparts in the government and the trade union movement.

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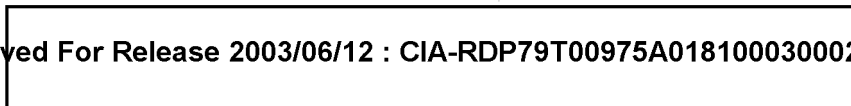
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NOTES

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COMMUNIST CHINA - AUSTRIA: Negotiations toward establishing diplomatic relations are apparently scheduled to begin in March in an unspecified third country. According to an Austrian official, Vienna will propose a joint communiqué incorporating the "Canadian formula" of recognizing Peking as the sole legitimate government of China and taking note of Peking's claim to Taiwan. Under these circumstances, an agreement should be reached quickly

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